

## PIR TEMPLATE: KEY TERMS

### PROFILE INFORMATION

Title: Title of Initiative

Installation/Region: The location where the initiative will be implemented

Functional(s): Directorate(s) or Division(s) responsible for implementation

Service: Installation Status Report (ISR) service or Service Support Program (SSP) that will be affected, or other service

Alignment with Strategy: The METL task, strategic plan objective or other strategic objective the initiative is intended to improve.

Type of Initiative: Cost savings, cost avoidance or another performance improvement.

Cost Savings: Cost savings result in a specific, quantifiable reduction to an approved Army program that is in the program or budget at the time the benefit's results are realized. The savings generated can be reallocated to unfunded requirements. For example, investment in a highly efficient production machine reduces the consumption of electricity while allowing the same level of output. The originally budgeted utilities funds for the production are now in excess of requirements, and the excess funds can be reallocated. Cost savings examples are: Reduced manpower costs, Reduced or eliminated operating costs (utilities, travel, or repairs), Reduced or eliminated contracts (Source: Source: PEP Guidance, IMA RM concurrence)

Cost Avoidance: Cost avoidance is a quantifiable reduction in a future resource requirement that is not currently included in an approved Army program. Investment in the productivity enhancing project will eliminate the need for specific increases to current funding levels for the program. For example, a marked, yet unanticipated increase in items needing repair in a maintenance operation becomes evident. The workload increase has not been accounted for in the budget or program. Investment in productivity enhancing equipment will allow the increased workload to be absorbed without increasing labor costs, and therefore, cost avoidance has been realized. Cost avoidance examples are: Increased production or absorption of additional workload at current staffing levels, Eliminating the need for an increase to budgeted operating costs, Prevention of future environmental compliance violations (Source: PEP guidance, IMA RM concurrence)

Non-quantifiable or intangible benefits (Qualitative benefits): Some initiatives may yield benefits that do not lend themselves to direct, quantifiable measurement. These benefits, although difficult to assess, may be addressed in a project proposal. Though subjective in nature, qualitative statements can make a positive contribution in a proposal's evaluation. Examples of non-quantifiable or intangible benefits are improved morale, readiness, quality, or security. (Source: PEP guidance, IMA RM concurrence)

Process: Linked activities with the purpose of producing a product or service for a customer (user) within or outside the organization. (Source: Army Performance Improvement Criteria, 2004)

Current Process: Description of the current process, current constraints, and why this is a target for improvement.

Proposed Process: Description the proposed process, and how the initiative will reduce costs or improve performance on the referenced service.

## **COST AND BENEFITS**

Cost Improvements: Cost savings, cost avoidance, or another measure of cost improvement such as payback period or ROI.

Performance Improvements: How the results expected in return for the proposed process are greater than the results expected in return from the current process.

Nonrecurring costs: Costs incurred on a one-time basis. Normally these are development, production and deployment expenditures; and include all costs associated with the acquisition and installation of equipment, real property, and start-up costs. All nonrecurring costs need not occur in a single year. (Source: CEAC Manual)

Recurring Costs: Expenditures required on a repetitive basis for personnel, operations and support costs, overhead, and other services. (Source: CEAC Manual)

Benefits (or Performance Measure): Results expected in return for costs incurred. It includes measures of utility, effectiveness and performance. Benefits focus on the purpose and the objectives of a project. (Source: CEAC EA manual, IMA RM concurrence)

Data Source/Methodology: Data sources and methodology used to determine costs of processes. Include in separate attachment if necessary.

Payback Period: The point, for example, number of years or fractional years, at which the cost of two alternatives will equal the investment in current dollars. Sunk costs are not considered in the equation. (Source: CEAC Manual)

Sunk Costs: Sunk (past or unavoidable) costs are past expenditures or irrevocably committed costs that not avoidable and, therefore, should not be considered in the decision process. Source: CEAC Manual)

Year Savings Realized: Year in which savings will be achieved

Appropriation Type: The given purpose for which a designated amount of funds were set aside through the legislative process (Source: CEAC Manual). For example, OMA, BOS, SRM, AFH, NAF.

Application of Savings: The unfunded or underfunded requirement that the savings will be used to fund.

## **STATUS**

Project Plan: Milestones for implementing initiative, key interim milestone, and date when implementation will be complete.

Project Team: Point of Contact and other key members implementing project

Investment: The research and development and production and deployment cost of a project (Source: CEAC Manual).

RM Validation: Resource Management, at the Garrison or Region where the project was initiated, validated the cost estimates.

Scope: Applicability of initiative for region or IMA-wide implementation, and applicability to other initiatives such as PEP, BIC or ASP.